

How the pandemic spurred fundamental and technological shifts in homebuying trends

Not Planning to Refinance in 2021? You May be Leaving Money on the Table

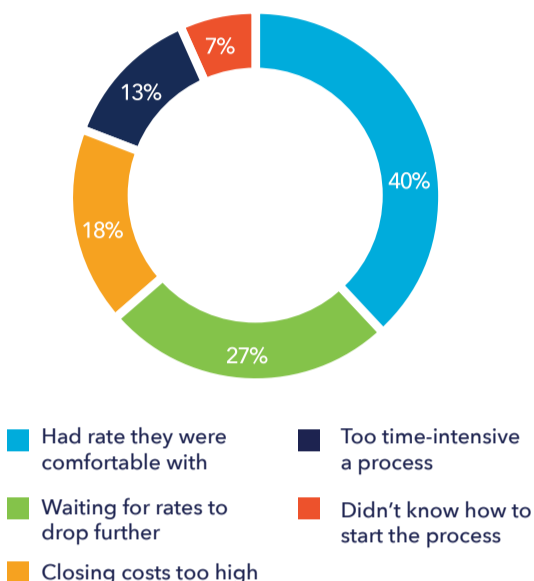
Why are homeowners still lukewarm on refinancing in 2021, even as rates continue to hover around the 3% mark?

Diving deeper

ServiceLink partnered with leading research company, Market Cube, to understand consumers' attitudes and experiences when it came to homebuying and refinancing, as well as the role technology plays throughout the process, in the **ServiceLink State of Homebuying Report**.

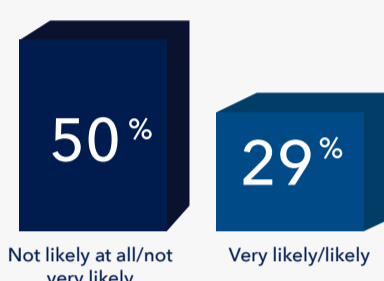
Homeowner's responses to questions related to refinancing – some of which we found surprising – illuminated potential knowledge gaps surrounding the refinance process:

When asked why they did not refinance in 2020 (50% of all survey respondents)...



source: ServiceLink

When asked if they were likely to refinance in 2021...

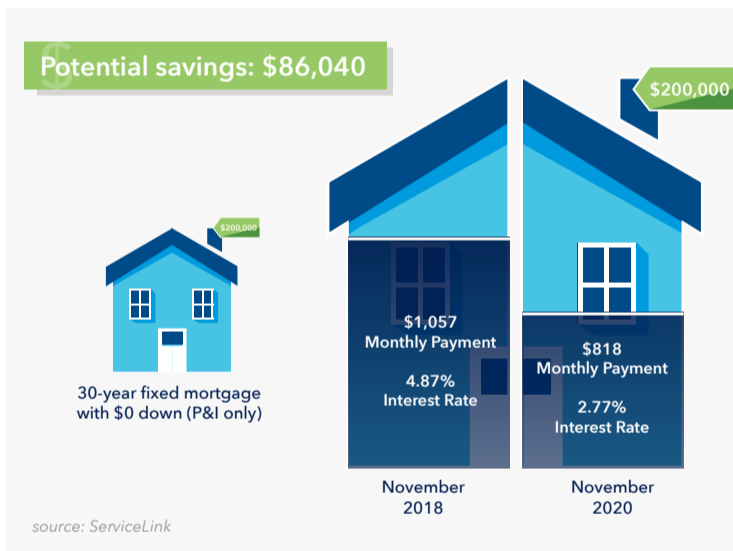


Refinancing and missed opportunities

Looking back, interest rates were nearly cut in half between November 2018 and November 2020¹.

As this illustration shows, those who may have been saddled with a higher interest rate prior to the pandemic, and chose not to refinance at a lower rate, could have missed out on saving more than \$80,000 over the life of their loan.

¹FreddieMac PPMS



Why the disconnect?

There are several reasons why so many left money on the table and our experts suggest most homeowners don't know where to start with the refinance process, assume it's a complex transaction or simply don't do the math to see how much they can save.



"Many homeowners may be under the impression that the refinance process is a similar lift in terms of time, energy and expense as the initial home purchase, but that is just not the case. I think many borrowers will be pleasantly surprised at how easy the refinance process can be; particularly in today's landscape, with online tools and technology at our fingertips. This is a great opportunity for lenders to educate borrowers on refinance steps to help close the knowledge gap that currently exists."

Matt Woodhouse, managing director, valuations at ServiceLink



"For those who have never been through the home refinance process before, knowing where to begin can be the biggest hurdle to overcome; but lack of understanding shouldn't be the reason why they continue to sit on the sidelines. Homeowners who are eligible to refinance should do their research and crunch the numbers to ensure they are not missing out on an opportunity to save money. Leaning on their current bank, or going through an online lender to refinance, could mean reducing payments by multiples or potentially getting into a 15 versus 30-year loan. While they may feel they have missed their golden opportunity to capitalize on the historic-low rates, they still have time to enjoy savings with rates currently holding at around 3%."

Dave Steinmetz, division president, origination services at ServiceLink

Methodology

This ServiceLink study was completed online among a random sample of the U.S. population. A total of 1,000 homeowners, ages 18+ participated. Interviewing was conducted by Market Cube from April 14-19, 2021.

